



**U.S. Department of
Transportation**

BUDGET ESTIMATES

FISCAL YEAR 2008

**SAINT LAWRENCE
SEAWAY DEVELOPMENT
CORPORATION**

**SUBMITTED FOR THE USE OF
THE COMMITTEES ON APPROPRIATIONS**

**DEPARTMENT OF TRANSPORTATION
SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
FY 2008 Budget Request
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**U.S. DEPARTMENT OF TRANSPORTATION
SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
ADMINISTRATOR'S OVERVIEW**

For nearly 50 years, the binational St. Lawrence Seaway has served as a vital transportation corridor for the international movement of bulk and general cargoes such as steel, iron ore, grain, and coal, serving a North American region that makes up one quarter of the U.S. population and nearly half of the Canadian population. Maritime commerce on the Great Lakes Seaway System, which is a critical transportation link through the agricultural and industrial heartland of North America, annually generates more than 150,000 U.S. jobs, \$4.3 billion in personal income, \$3.4 billion in transportation-related business revenue, and \$1.3 billion in taxes.

The binational waterway is expected to become an even more important commercial transportation route over the next decade as the U.S. and Canadian governments seek ways to ease highway and rail congestion, especially along North America's East and West Coasts and Midwest region. In the past few years, the St. Lawrence Seaway has enjoyed significant growth in new business as the waterway has become a viable alternative for shippers looking to avoid port, highway, and rail congestion. Each Seaway maximum size vessel carries roughly 25,000 metric tons, the equivalent of 870 semi-trucks. As congestion-related initiatives such as Short Sea Shipping continue to develop, the St. Lawrence Seaway will further improve its position as a competitive alternative for shipments to and from the Midwest.

FY 2008 REQUEST SUMMARY

The Saint Lawrence Seaway Development Corporation's (SLSDC) budget request for Fiscal Year (FY) 2008 is \$17,392,000, derived from the Harbor Maintenance Trust Fund (HMTF). This appropriations request, coupled with the SLSDC's estimated non-federal revenues (\$900,000), will allow the agency to fund its 157 Full-Time Equivalent (FTE) staff and continue its operational and maintenance programs for the U.S. portion of the St. Lawrence Seaway between Montreal and Lake Erie.

The budget request includes a non-capital maintenance / special projects program of \$2,070,000, a net increase of \$385,000 above the FY 2007 request level, and a capital plan budget of \$740,000, a decrease of \$1,100,000 million below the FY 2007 request level.

As highlighted in its PART assessment (*see page 31*), the Corporation has an effective program for its overall operations and maintenance activities related to the St. Lawrence Seaway. The FY 2008 request will allow the Corporation to continue its operations and maintenance programs, which include managing vessel traffic control in areas of the St. Lawrence River and Lake Ontario, and maintaining, operating, and securing the two U.S. Seaway locks located in Massena, N.Y. In addition, the SLSDC performs trade development activities designed to enhance Great Lakes St. Lawrence Seaway System awareness and use.

The FY 2008 request is \$47,000 above the FY 2007 President's Budget request level. Within the net increase, there are several baseline and program changes:

- \$660,000 increase in net personnel compensation and benefits;
- \$385,000 increase in maintenance-related special projects;

- \$74,000 increase in inflationary adjustments;
- \$16,000 increase in DOT Working Capital Fund projections;
- \$15,000 increase in Homeland Security Presidential Directive (HSPD-12) security-related improvements;
- \$1,100,000 decrease in capital replacements and improvements; and a
- \$3,000 decrease in GSA rent estimates for the Washington office.

The SLSDC's request directly supports four of the five President's Management Agenda initiatives (the SLSDC is exempt from competitive sourcing as a government corporation) as well as the Department's strategic goals of Global Connectivity (efficient cargo movement) and Security, Preparedness and Response (supplemental goal of Seaway readiness). Additionally, the request addresses the SLSDC's internal strategic and performance goals. These internal goals include safety, security, and the environment; reliability and availability; trade development; and management accountability. The request, separated by Department strategic goals and performance measures, includes \$17,182,000 directed at maritime navigation programs and personnel, and \$210,000 towards the SLSDC's security and infrastructure protection activities.

The FY 2008 request reflects the Administration's commitment to providing the global commercial users of the St. Lawrence Seaway with a safe, secure, efficient, and reliable transportation route. The SLSDC's principal performance measure, both in its internal strategic plan as well as the Department's annual performance plan, is to ensure that the U.S. portion of the St. Lawrence Seaway, including the two U.S. locks, is available to its customers 99 percent of the navigation season. During the 2006 navigation season, the SLSDC reported a 99.1 percent system availability rate for the U.S. portion of the Seaway (99.0 percent during FY 2006).

MAJOR PROGRAMS AND ACTIVITIES

The SLSDC coordinates activities with its Canadian counterpart, the St. Lawrence Seaway Management Corporation (SLSMC), particularly with respect to rules and regulations, overall day-to-day operations, traffic management, navigation aids, safety, environmental programs, security, operating dates, and business development programs. The unique binational nature of the Seaway System requires 24-hour, year-round coordination between the two Seaway entities.

Non-Capital Maintenance / Special Projects

For FY 2008, the SLSDC is proposing a non-capital maintenance / special projects program of \$2,070,000 to fund two key maintenance projects – concrete replacement at the U.S. locks and dredging in the U.S. portion of the Seaway.

In January 2006, the SLSDC began the first year of work on a four-year, \$6 million concrete replacement project at the two U.S. Seaway locks. The SLSDC is using a contractor to perform the concrete replacement with SLSDC personnel providing lock covering work and stairway construction. The \$1.5 million requested for concrete replacement in FY 2008 is included in the agency's non-capital maintenance base level funding and will fund work to be completed in January – March 2009, following the completion of the 2008 navigation season.

The other major maintenance project for FY 2008 is to dredge approximately 750 cubic yards of river bottom material from high spots in the navigation channel in U.S. waters east of Snell Lock

(\$570,000). These high spots could impact the drafts of vessels transiting the Seaway during periods of low water. The Corporation has been working with the U.S. Army Corps of Engineers and the N.Y. State Department of Environmental Conservation to secure permits to complete this work.

Capital Equipment and Infrastructure Projects

The SLSDC's FY 2008 capital plan budget of \$740,000 will fund several capital-related projects including: replacement of a 20-ton capacity hydraulic crane utilized for lock and facility maintenance activities that include handling both materials and personnel (\$250,000); repair of paved areas along the approach walls at the locks that are used by SLSDC personnel and vessel crew members for tying up vessels during transits (\$100,000); and Automatic Identification System (AIS) / Traffic Management System (TMS) improvements (\$95,000).

The decrease in the capital plan request as compared to the FY 2007 request is due to both the completion of several one-year projects in FY 2007 and the SLSDC's decision to defer the second year mechanical upgrade to the lock valve operating equipment. This multi-year project, proposed to start in FY 2007, will convert the existing electro-mechanical culvert valve operating machinery with hydraulic equipment. Plans were to replace the machinery for two valves each year over a four-year period until the machinery for all eight valves at the two U.S. locks have been replaced. These valves are used to fill and empty the locks. The SLSDC will use the off year in FY 2008 to inspect and evaluate the first two valve hydraulic systems replaced in FY 2007. This additional time would allow the SLSDC to make additional modifications, as necessary, for the remaining six valve hydraulic systems to be replaced starting in FY 2009.

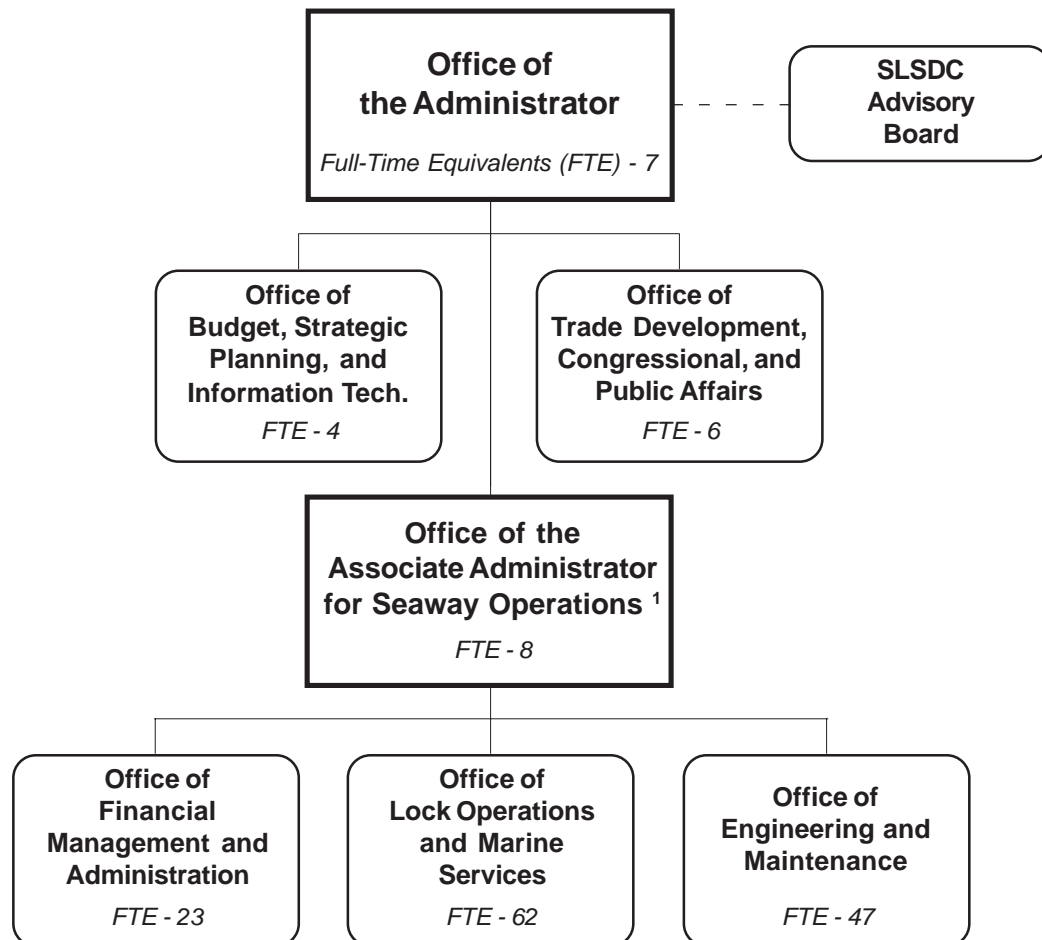
Security Activities

The FY 2008 request for the SLSDC security activities is \$210,000, a reduction of \$40,000 compared with the FY 2007 request level. The reduction is due to the expected reduction in costs for a multi-year capital-related project included in the FY 2007 President's Budget request. SLSDC staff will continue to aggressively pursue the objectives of its security program, which includes greater protection of SLSDC facilities, improved measures for employee and visitor entry into facilities, and planned contingencies for facilities/infrastructure in the event of a heightened security alert. The SLSDC will also continue to work collaboratively with local, state, and federal security and intelligence agencies as situations arise.

To measure its security performance, the SLSDC is currently developing a new supplemental goal that will measure the SLSDC's readiness in the event of an emergency or other security-related incident. The goal is expected to be implemented in FY 2007.

A new program included in the SLSDC's Security request relates to Homeland Security Presidential Directive (HSPD) 12, as part of the Department's efforts to implement a common identification card with smart card technologies. This initiative will be led by the Office of the Secretary and SLSDC's related costs are estimated at \$15,000.

Saint Lawrence Seaway Development Corporation Organization Chart FY 2007-2008



¹ All FTEs/FTP are associated with the "Global Connectivity " performance measure of Seaway system availability, except for 1 FTE/FTP in the office of the Associate Administrator for Seaway Operations, which is directly attributable to the "Security, Preparedness and Response" performance measure.

EXHIBIT II-1
COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY
Saint Lawrence Seaway Development Corporation
Appropriations
(in thousands of dollars)

<u>ACCOUNT NAME</u>	<u>FY 2006 ACTUAL</u>	<u>FY 2007 CONT. RES.</u>	<u>FY 2007 PRES. BUDGET</u>	<u>FY 2008 REQUEST</u>
Operations and Maintenance (69-8003)	\$16,121	\$16,121	\$7,920	\$17,392
<i>U.S. Seaway commercial toll receipts (proposed)</i> ¹	---	---	\$9,425	---
	-----	-----	-----	-----
TOTAL APPROPRIATIONS:	\$16,121	\$16,121	\$17,345	\$17,392
Non-federal revenues ²	\$1,109	\$900	\$900	\$900
	-----	-----	-----	-----
TOTAL PROGRAM BUDGET (69x4089): ³	\$17,230	\$17,021	\$18,245	\$18,292

¹ A legislative proposal to re-establish U.S. Seaway commercial tolls as a self-funding mechanism for the SLSDC was transmitted to the Congress in June 2005.

² Each year, the SLSDC, as a government corporation, generates non-federal income from such sources as interest on investments, rental payments, pleasure craft tolls, tug services, and duty free store revenues.

³ The SLSDC's revolving fund (69x4089) includes \$17,392,000 in appropriated funds and \$900,000 in estimated non-federal revenues.

EXHIBIT II-2
FY 2008 BUDGET REQUEST BY APPROPRIATION ACCOUNT
Saint Lawrence Seaway Development Corporation
Appropriations
(in thousands of dollars)

	(A)	(B)	(C)	(D)
		FY 2006	FY 2007	
<u>ACCOUNT NAME</u>	<u>FY 2006</u>	<u>CONTINUING</u>	<u>PRESIDENT'S</u>	<u>FY 2008</u>
	<u>ACTUAL</u>	<u>RESOLUTION</u>	<u>BUDGET</u>	<u>REQUEST</u>
Operations and Maintenance (69-8003)				
a. Operations and maintenance activities	\$14,674	\$14,674	\$15,505	\$16,652
b. Replacements and improvements	\$1,347	\$1,347	\$1,840	\$740
	-----	-----	-----	-----
TOTALS:	\$16,021	\$16,021	\$17,345	\$17,392
 PROPRIETARY AND OTHER GOVERNMENTAL RECEIPTS				
<i>U.S. Seaway commercial toll receipts (proposed)</i> ¹				
a. Operations and maintenance activities	---	---	\$9,425	---
b. Replacements and improvements	---	---	---	---
	-----	-----	-----	-----
TOTALS:	\$0	\$0	\$9,425	\$0

¹ A legislative proposal to re-establish U.S. Seaway commercial tolls as a self-funding mechanism for the SLSDC was transmitted to the Congress in June 2005.

EXHIBIT II-3
FY 2008 BUDGET REQUEST BY APPROPRIATION ACCOUNT AND STRATEGIC OBJECTIVE
Saint Lawrence Seaway Development Corporation
Appropriations
(in thousands of dollars)

<u>APPROPRIATION/PROGRAM ACTIVITY/PERFORMANCE GOAL</u>	<u>SAFETY</u>	<u>CONGEST.</u>	<u>GLOBAL CONN.</u>	<u>ENVIRON. STEWARD.</u>	<u>SECURITY/ PREP./ RESP.</u>	<u>ORG. EXCELL.</u>	<u>TOTAL</u>
<u>Operations and Maintenance (69-8003)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$17,182</u>	<u>\$0</u>	<u>\$210</u>	<u>\$0</u>	<u>\$17,392</u>
Efficient Movement of Cargo	\$0	\$0	\$17,182	\$0	\$0	\$0	\$17,182
Percentage of days U.S. portion of the St. Lawrence Seaway System is available for navigation in the shipping season, including the two U.S. Seaway locks.	\$0	\$0	\$17,182	\$0	\$0	\$0	\$17,182
Seaway Readiness Index (supplemental)	\$0	\$0	\$0	\$0	\$210	\$0	\$210
(Performance measure TBD)	\$0	\$0	\$0	\$0	\$210	\$0	\$210
TOTAL:	\$0	\$0	\$17,182	\$0	\$210	\$0	\$17,392
FTE (direct funded only):	0	0	156	0	1	0	157

EXHIBIT II-3A
FY 2008 INFORMATION TECHNOLOGY (IT) BUDGET REQUEST BY IT INVESTMENT AND STRATEGIC OBJECTIVE
Saint Lawrence Seaway Development Corporation
Appropriations
(in thousands of dollars)

<u>APPROPRIATION/PROGRAM ACTIVITY/PERFORMANCE GOAL¹</u>	<u>SAFETY</u>	<u>CONGEST.</u>	<u>GLOBAL CONN.</u>	<u>ENVIRON. STEWARD.</u>	<u>SECURITY /PREP./ RESP.</u>	<u>ORG. EXCELL.</u>	<u>TOTAL</u>
SLSDC001: SLSDC AIS/GPS Project	\$0	\$0	\$50	\$0	\$0	\$0	\$50
SLSDC002: SLSDC Financial/Mixed Systems	\$0	\$0	\$20	\$0	\$0	\$0	\$20
SLSDC003: SLSDC Enterprise Architecture	\$0	\$0	\$15	\$0	\$0	\$0	\$15
SLSDC777: Common IT Services (CONSOLIDATED WITH DOT)	\$0	\$0	\$163	\$0	\$0	\$0	\$163
SLSDC004: HSPD-12 Implementation (CONSOLIDATED WITH DOT)	\$0	\$0	\$0	\$0	\$15	\$0	\$15
TOTAL:	\$0	\$0	\$248	\$0	\$15	\$0	\$263

¹ "Global Connectivity" goal relates to Efficient Movement of Cargo (Seaway Availability) and the "Security, Preparedness and Response" goal relates to supplemental goal of Seaway readiness.

EXHIBIT II-4
FY 2008 BUDGET REQUEST BY APPROPRIATION ACCOUNT
Saint Lawrence Seaway Development Corporation
Budget Authority
(in thousands of dollars)

	(A)	(B)	(C)	(D)
		FY 2006	FY 2007	
<u>ACCOUNT NAME</u>	<u>FY 2006</u>	<u>CONTINUING</u>	<u>PRESIDENT'S</u>	<u>FY 2008</u>
	<u>ACTUAL</u>	<u>RESOLUTION</u>	<u>BUDGET</u>	<u>REQUEST</u>
Operations and Maintenance (69-8003)				
a. Operations and maintenance activities	\$14,674	\$14,674	\$15,505	\$16,652
b. Replacements and improvements	\$1,347	\$1,347	\$1,840	\$740
	-----	-----	-----	-----
TOTALS:	\$16,021	\$16,021	\$17,345	\$17,392
 PROPRIETARY AND OTHER GOVERNMENTAL RECEIPTS				
<i>U.S. Seaway commercial toll receipts (proposed)</i> ¹				
a. Operations and maintenance activities	---	---	\$9,425	---
b. Replacements and improvements	---	---	---	---
	-----	-----	-----	-----
TOTALS:	\$0	\$0	\$9,425	\$0

¹ A legislative proposal to re-establish U.S. Seaway commercial tolls as a self-funding mechanism for the SLSDC was transmitted to the Congress in June 2005.

EXHIBIT II-5
FY 2008 BUDGET REQUEST BY APPROPRIATION ACCOUNT
Saint Lawrence Seaway Development Corporation
Outlays
(in thousands of dollars)

<u>ACCOUNT NAME</u>	(A)	(B)	(C)	(D)
		FY 2006	FY 2007	
	<u>FY 2006</u> <u>ACTUAL</u>	<u>CONTINUING</u> <u>RESOLUTION</u>	<u>PRESIDENT'S</u> <u>BUDGET</u>	<u>FY 2008</u> <u>REQUEST</u>
Operations and Maintenance (69-8003)				
a. Operations and maintenance activities	\$14,674	\$14,674	\$15,505	\$16,652
b. Replacements and improvements	\$1,347	\$1,347	\$1,840	\$740
	-----	-----	-----	-----
TOTALS:	\$16,021	\$16,021	\$17,345	\$17,392
 PROPRIETARY AND OTHER GOVERNMENTAL RECEIPTS				
<i>U.S. Seaway commercial toll receipts (proposed)</i> ¹				
a. <i>Operations and maintenance activities</i>	---	---	\$9,425	---
b. <i>Replacements and improvements</i>	---	---	---	---
	-----	-----	-----	-----
TOTALS:	\$0	\$0	\$9,425	\$0

¹ A legislative proposal to re-establish U.S. Seaway commercial tolls as a self-funding mechanism for the SLSDC was transmitted to the Congress in June 2005.

EXHIBIT II-6
SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
Saint Lawrence Seaway Development Corporation
Appropriations
(in thousands of dollars)
SLSDC Fund (69x4089) ¹

Baseline Changes														
FY 2007 Request	2007 PC&B By Program	2007 # FTE Per Program	2007 Contracts Expenses	Annualization of 2007 Pay Raises	2008 PC&B ²	GSA Rent	WCF Inc./ Dec.	Inflation/ Deflation	FY 2007 Adjusted Base	Program Inc./Dec.	2008 PC&B Program Increase	2008 # FTE Per Program Increase	2008 Contract Expense Program Increases	FY 2008 Request
Note Non-Add														
Note Non-Add														
PERSONNEL RESOURCES														
157														
157									0					157
FINANCIAL RESOURCES														
Administrative Expenses														
Salaries & Benefits	\$3,127			\$40	\$122				\$3,289					\$3,289
Travel	\$63							\$3	\$66					\$66
Transportation	\$2								\$2					\$2
GSA Rent	\$155					(\$3)			\$152					\$152
Comms & Utilities	\$28							\$5	\$33					\$33
Printing	\$2								\$2					\$2
Other Services:														
WCF	\$178						\$10		\$188					\$188
Other	\$510							\$13	\$523					\$523
Supplies	\$35							\$1	\$36					\$36
Admin. Sub-Total	\$4,100			\$40	\$122	(\$3)	\$10	\$22	\$4,291					\$4,291
PROGRAMS														
O&M (non-Admin.)	\$12,305			\$20	\$478		\$6	\$52	\$12,861	\$400				\$13,261
Replacements and Improvements	\$1,840								\$1,840	(\$1,100)				\$740
GRAND TOTAL	\$18,245			\$60	\$600	(\$3)	\$16	\$74	\$18,992	(\$700)				\$18,292

¹ The SLSDC's revolving fund (69x4089) is estimated to include \$17,345,000 in an appropriation from the Harbor Maintenance Trust Fund (69-8003), and \$900,000 in non-federal revenues.

² FY 2008 PC&B includes \$295,000 for Pay Act and wage board pay increases, \$175,000 for benefits increases, and \$80,000 for two additional compensable days.

EXHIBIT II-7
Saint Lawrence Seaway Development Corporation
PERSONNEL RESOURCE -- SUMMARY
TOTAL FULL-TIME EQUIVALENTS

<u>ACCOUNT(S)</u>	<u>FY 2006 ACTUAL</u>	<u>FY 2007 PRES. BUD.</u>	<u>FY 2008 REQUEST</u>
SLSDC Fund (69x4089) ¹	145	157	157
	-----	-----	-----
TOTAL FTEs:	145	157	157

1 SLSDC Fund (69x4089) includes both annual appropriations from the Harbor Maintenance Trust Fund (69-8003) and non-federal revenues generated by the Corporation.

EXHIBIT II-8
Saint Lawrence Seaway Development Corporation
RESOURCE SUMMARY -- STAFFING
FULL-TIME PERMANENT POSITIONS

<u>ACCOUNT(S)</u>	<u>FY 2006 ACTUAL</u>	<u>FY 2007 PRES. BUD.</u>	<u>FY 2008 REQUEST</u>
SLSDC Fund (69x4089) ¹	145	157	157
	-----	-----	-----
TOTAL POSITIONS:	145	157	157

1 SLSDC Fund (69x4089) includes both annual appropriations from the Harbor Maintenance Trust Fund (69-8003) and non-federal revenues generated by the Corporation.

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Operations and Maintenance (69-8003)

**DEPARTMENT OF TRANSPORTATION
SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION**

TRUST FUNDS

OPERATIONS AND MAINTENANCE

(Harbor Maintenance Trust Fund)

For necessary expenses for operations and maintenance of those portions of the Saint Lawrence Seaway operated and maintained by the Saint Lawrence Seaway Development Corporation, \$17,392,000 to be derived from the Harbor Maintenance Trust Fund, pursuant to Public Law 99-662.

**DEPARTMENT OF TRANSPORTATION
SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
OPERATIONS AND MAINTENANCE
Program and Financing
(in thousands of dollars)**

Identification code 69-8003-0-7-403	2006 ACTUAL	2007 ESTIMATE	2008 ESTIMATE
Obligations by program activity:			
10.00 Total new obligations (object class 25.2)	16,121	16,121	17,392
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	16,121	16,121	17,392
23.95 Total new obligations (-)	(16,121)	(16,121)	(17,392)
New budget authority (gross), detail:			
Discretionary			
40.26 Appropriation (trust fund, definite)	16,284	16,121	17,392
40.75 Reduction pursuant to PL 109-148, Sec. 3801	(163)	...	...
43.00 Appropriation (total discretionary)	16,121	16,121	17,392
Change in unpaid obligations:			
73.10 Total new obligations	16,121	16,121	17,392
73.20 Total outlays (gross) (-)	(16,121)	(16,121)	(17,392)
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority	16,121	16,121	17,392
New budget authority and outlays:			
89.00 Budget authority	16,121	16,121	17,392
90.00 Outlays	16,121	16,121	17,392

The Water Resources Development Act of 1986 authorizes use of the Harbor Maintenance Trust Fund as the major source of funding for the Corporation's operations and maintenance activities.

**DEPARTMENT OF TRANSPORTATION
SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
History of Appropriations
Operations and Maintenance (69-8003)
(Harbor Maintenance Trust Fund)**

<u>YEAR</u>	<u>REQUEST</u>	<u>YEAR</u>	<u>ENACTED</u>
1999	0 /1	1999	11,460,000 /2
2000	0 /1	2000	11,971,000 /3
2001	0 /1	2001	12,975,391 /4
2002	13,345,000	2002	13,305,000 /5
2003	14,086,000	2003	13,974,000 /6
2004	14,400,000	2004	14,273,000 /7
2005	15,900,000	2005	15,707,000 /8
2006	8,000,000 /9	2006	16,121,000 /10
2007	7,920,000 /11		
2008	17,392,000		

1/ Proposed as a performance-based organization using mandatory (permanent) budget authority.

2/ Reflects reduction of \$1,150,000 for decreased tonnage in 1997 and return of pilotage act functions to the U.S. Coast Guard. Also a reduction of \$20,000 for TASC (Sec. 320, P.L. 105-277) and \$16,000 rescission pursuant to P.L. 106-51.

3/ Reflects reduction of \$25,000 pursuant to P.L. 106-69 for TASC (Sec. 319) and \$46,000 (.38%) government-wide reduction pursuant to P.L. 106-113.

4/ Reflects reduction of \$28,609 (.22%) pursuant to P.L. 106-554 (Sec. 1403).

5/ Reflects reductions of \$11,000 pursuant to P.L. 107-87 (Sec. 349) for TASC, \$10,000 pursuant to P.L. 107-117 (Sec. 1106) for TASC, and \$19,000 pursuant to P.L. 107-206 (Sec. 1403).

6/ Reflects reductions of \$91,559 pursuant to P.L. 108-7 (Sec. 601) and \$20,000 pursuant to P.L. 108-7 (Sec. 362).

7/ Reflects reductions of \$84,960 (0.59%) pursuant to P.L. 108-199 (Division H, Sec. 168(b)) and \$42,006 pursuant to P.L. 108-199 (Division F, Sec. 517).

8/ Reflects reductions of \$127,200 (0.80%) pursuant to P.L. 108-447 (Div. J, Sec. 122(a)) and \$66,000 pursuant to P.L. 108-447 (Division H, Title I, Sec. 197)

9/ Total program request of \$16,284,000 consists of an appropriation of \$8,000,000 from the Harbor Maintenance Trust Fund (69-8003) and \$8,284,000 in proposed U.S. commercial toll receipts.

10/ Reflects reductions of \$162,840 (1.00%) pursuant to P.L. 109-148 (Sec. 3801).

11/ Total request of \$17,345,000 consists of an appropriation of \$7,920,000 from the Harbor Maintenance Trust Fund (69-8003) and \$9,425,000 in proposed U.S. commercial toll receipts.

SLSDC Fund

(69x4089)

**DEPARTMENT OF TRANSPORTATION
SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION**

FEDERAL FUNDS

Public enterprise funds:

Saint Lawrence Seaway Development Corporation

The Saint Lawrence Seaway Development Corporation is hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to the Corporation, and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as amended, as may be necessary in carrying out the programs set forth in the Corporation's budget for the current fiscal year.

EXHIBIT III-1

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION SLSDC FUND (69x4089)

Summary by Program Activity Appropriations (in thousands of dollars)

	FY 2006 ACTUAL	FY 2007 PRES. BUD.	FY 2008 REQUEST	CHANGE FY 2007-08
Operations and maintenance activities	\$16,076	\$16,405	\$17,552	\$ 1,147
Replacements and improvements	1,381	1,840	740	(1,100)
TOTAL:	\$17,457	\$18,245	\$18,292	\$ 47
FTEs:	145	157	157	

Program and Performance Statement

The Saint Lawrence Seaway Development Corporation's (SLSDC) FY 2008 proposed funding level of \$18,292,000 from U.S. Seaway commercial toll receipts (\$17,392,000) and non-federal revenues (\$900,000) will allow the agency to fund its 157 Full-Time Equivalent (FTE) staff and continue its operational and maintenance programs for the U.S. portion of the St. Lawrence Seaway between Montreal and Lake Erie.

These programs include managing vessel traffic control in areas of the St. Lawrence River and Lake Ontario, and maintaining, operating, and securing the two U.S. Seaway locks located in Massena, N.Y. In addition, the SLSDC performs trade development activities designed to enhance Great Lakes St. Lawrence Seaway System awareness and use.

The FY 2008 request reflects the Administration's commitment to providing the global commercial users of the St. Lawrence Seaway with a safe, secure, efficient, and reliable transportation route. The SLSDC's principal performance measure, both in its internal strategic plan as well as the Department's annual performance plan, is to ensure that the U.S. portion of the St. Lawrence Seaway, including the two U.S. locks, is available to its customers 99 percent of the navigation season. During the 2006 navigation season, the SLSDC reported a 99.1 percent system availability rate for the U.S. portion of the Seaway (99.0 percent during FY 2006).

EXHIBIT III-2

**SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
SLSDC FUND (69x4089)**

SUMMARY ANALYSIS OF CHANGES FROM FY 2007 TO FY 2008
(in thousands of dollars)

Item	Change from FY 2007 to FY 2008	FY 2008 PC&B by Program	FY 2008 FTEs by Program	FY 2008 Contract Expenses	Total
FY 2007 Base (Pres. Bud.)		Note: Columns are Non-Add			\$18,245
Adjustments to Base					
Salaries and Benefits	\$580				\$580
GSA Rent	(3)				(3)
Two Additional Compensable Days	80				80
Goods/Services from Government Accounts	16				16
Inflationary Increases	74				74
Subtotal, Adjustments to Base	\$747				\$747
Other Programs					
O&M (non-Admin.)	400				400
Replacements and Improvements	(1,100)				(1,100)
Subtotal, Other Programs Increases/ Decreases	(\$700)				(\$700)
Total FY 2008 Request			157		\$18,292

DETAILED JUSTIFICATION FOR OPERATIONS AND MAINTENANCE ACTIVITIES

Operations and Maintenance Activities	FY 2008 Request: \$17,552,000
<p>Overview:</p> <p>Activities financed by this program include functions described below. Corporation objectives are to continue to operate the system in a safe, secure, reliable, and efficient manner while interfacing with a multitude of diverse interests that share the common goal of expanding commerce on the Great Lakes St. Lawrence Seaway System.</p> <p><u>Lock Operations</u> – Lock Operations and vessel traffic control on the St. Lawrence Seaway are conducted on a 24-hour day, 7-day week basis throughout the shipping season (typically late March to late December).</p> <p><u>Maintenance, Marine, and Engineering</u> – The Corporation facilities must be maintained in efficient operating condition. Facilities include: locks and guidewalls; roads and bridges; channels; public use facilities, such as the Eisenhower Lock Visitors’ Center; navigation aids; buildings, grounds, and utilities; and permanent operating equipment. Major maintenance on existing facilities will continue to be performed during the non-navigation winter months. Marine operations consist of commissioning and decommissioning aids to navigation, channel dredging and maintenance, tugboat and other floating equipment services.</p> <p><u>Trade Development</u> – The Corporation engages in activities designed to increase public awareness of the Seaway. This includes costs associated with initiatives aimed at identifying new markets for, and increasing use of, the Great Lakes St. Lawrence Seaway System.</p> <p><u>Security and Infrastructure Protection</u> – The Corporation continues to perform its security program focused on protecting the U.S. sections of the St. Lawrence Seaway, including the two U.S. locks and other assets in Massena, New York, and its employees.</p> <p><u>Administrative</u> – Executive management and administration of the Corporation includes legal, civil rights, accounting, procurement, computer, personnel administration, public relations, and other related administrative support services.</p>	
<p>FY 2007 Base:</p> <p>The FY 2007 President’s Budget request level for these operations and maintenance activities is \$16,405,000 from the SLSDC’s revolving fund account (69x4089), which includes \$12,305,000 in operations and maintenance activities and \$4,100,000 in administrative expenses.</p>	

Anticipated FY 2007 Accomplishments:

In FY 2007, the SLSDC will:

- Provide a safe, secure, and efficient commercial trade route with a reliability rate in the U.S. sector of the system of 99 percent or greater through vessel traffic control operations and infrastructure maintenance.
- Continue close coordination and involvement with its Canadian counterpart agency in all aspects of Seaway operations and trade development to ensure consistent practices and greater economies of scale, including annual toll level negotiations. The two agencies will continue to work cooperatively on the vessel inspection procedures of foreign-flagged vessels, invasive species activities affecting the Great Lakes Seaway System, and binational trade development initiatives including the Highway H₂O program and Short Sea Shipping activities.
- Perform safety inspections and ballast water exams of all foreign-flag vessels entering the St. Lawrence Seaway in Montreal, Quebec, prior to entering U.S. waters and work closely with the Canadian SLSMC on full implementation of existing ballast water measures.
- Work closely with other governmental entities on completion of the binational, interagency Great Lakes St. Lawrence Seaway Study.
- Utilize and enhance Automatic Identification System (AIS) / Global Positioning System (GPS) technologies to more efficiently manage vessel traffic control and lock transits. In 2003, the St. Lawrence Seaway became the first inland waterway in the western hemisphere to implement an operational AIS vessel traffic services system.
- Maintain and expand its improved physical security systems and equipment, such as intrusion detection and electronic access control systems.
- Participate in various President's Management Agenda and Department-wide activities, including E-Payroll, E-Training, Grants.gov, Integrated Acquisition, Disaster Management Initiative, and Automated Staffing.

FY 2008 Budget Request:

The FY 2008 request for operations and maintenance activities is \$1,147,000 above the FY 2007 President's Budget request level. This increase is directly attributable to:

- \$660,000 increase in net personnel compensation and benefits, including the annualization of the FY 2007 Pay Act increase and two additional compensable days;
- \$385,000 increase in maintenance-related special projects;
- \$74,000 increase in inflationary adjustments;
- \$16,000 increase in Working Capital Fund projections;
- \$15,000 increase for a DOT-wide common identification card program; and a
- \$3,000 decrease in GSA rent estimates for the Washington office.

In January 2006, the SLSDC began the first year of work on a four-year, \$6 million concrete replacement project at the two U.S. Seaway locks. The \$1.5 million requested for concrete replacement in FY 2008 is included in the agency's non-capital maintenance base level funding and will fund work to be completed in January – March 2009, following the completion of the 2008 navigation season (*funding included in the FY 2008 budget is the fourth and final year of funding*). The SLSDC is using contractors for the concrete project with SLSDC personnel providing lock covering work and stairway construction. The replacement of deteriorated concrete has historically been one of the SLSDC's most expensive maintenance projects dating back to the Seaway's opening in 1959. The majority of the concrete replacement has occurred at the U.S. Eisenhower Lock, which has a history of concrete-related problems. Between 1959 and 2004, the SLSDC expended more than \$25 million on concrete replacement at the two locks during the off-season winter months.

The other major maintenance project for FY 2008 is to dredge approximately 750 cubic yards of river bottom material from high spots in the navigation channel in U.S. waters east of Snell Lock near Massena, New York (\$570,000). These high spots could impact the drafts of vessels transiting the Seaway during periods of low water. The Corporation has been working with the U.S. Army Corps of Engineers and the N.Y. State Department of Environmental Conservation (NYSDEC) to secure permits to complete this work. The required sampling and testing of the river bottom materials to be dredged has been completed. Testing revealed contaminants in the material to be dredged; therefore, this material will be hauled off-site and disposed of at a landfill in accordance with Environmental Protection Agency (EPA) and NYSDEC regulations.

Although the SLSDC's FY 2008 request does not include any funding for research, development, and technology (RD&T) activities, it does include \$263,000 in Information Technology initiatives. These initiatives are the Seaway AIS system, the SLSDC financial management system, the agency's efforts in the area of Enterprise Architecture, its common IT services provided by the Department, and a new program related to Homeland Security Presidential Directive (HSPD) 12, as part of the Department's efforts to implement a common identification card with smart card technologies. All five IT initiatives have been reported in detail through the capital planning process and the Exhibit 53 submission.

As highlighted in its PART assessment, the Corporation has an "effective" program for its operations and maintenance activities related to the St. Lawrence Seaway. The FY 2008 request will allow Corporation officials to continue its efficient and effective programs and initiatives and to meet its performance goals. The SLSDC will continue to work towards achieving its goal of 99 percent system availability by providing a safe, secure, reliable, and efficient waterway and lock system. This will be accomplished through its primary operational programs of winter maintenance to make repairs and capital improvements to the lock infrastructure, efficient vessel traffic control, which utilizes AIS technologies to improve safety, security, and transit times, and vessel inspections for safety compliance. In addition, the concrete replacement project that is expected to continue in FY 2008 is a crucial step towards ensuring that the Seaway locks are structurally sound to continue providing for the safe, efficient, and reliable transits of commercial vessels. A reduction in the Seaway's availability rate could result in commercial users seeking alternative transportation routes and modes to and from North America, negatively affecting Great Lakes St. Lawrence Seaway System economic benefits while increasing road congestion, fuel use, and air emissions.

DETAILED JUSTIFICATION FOR REPLACEMENTS AND IMPROVEMENTS

Replacements and Improvements	FY 2008 Request: \$740,000
<p>Overview:</p> <p><u>Replacements and Improvements</u> – Capital expenditures provide for the continuation and improvement of the navigation system and lock operations, and the replacement of equipment, machinery, and tools.</p> <p>The SLSDC’s annual capital plan details equipment and projects required to maintain the agency’s lock infrastructure, buildings, and other property. Each year, SLSDC engineering and maintenance teams update their plans for the next five years, which results in the agency’s five-year capital plan for equipment and projects. The agency’s five-year plan is based on lock inspections, projected lifecycles of parts and machinery, and the U.S. Army Corps of Engineers’ 1999 Seaway lock survey and evaluation.</p> <p>To improve the process of ensuring that critical lock parts and machinery are properly identified for repair or replacement, the SLSDC’s PART review included a recommendation to develop a Seaway infrastructure reliability index that would assist Corporation engineers and maintenance teams in determining infrastructure priorities. The SLSDC has started work with its Canadian counterpart to develop a reliability index similar to the model used by the Canadian St. Lawrence Seaway Management Corporation.</p> <p>SLSDC maintenance and engineering staff utilize the Seaway’s closure during the winter months to drain the water from the locks, inspect critical lock parts and components, and perform necessary repairs and upgrades.</p>	
<p>FY 2007 Base:</p> <p>The FY 2007 base level for these replacements and improvements is \$1,840,000, from the SLSDC’s revolving fund account (69x4089).</p>	
<p>Anticipated FY 2007 Accomplishments:</p> <p>Major capital expenses projected for FY 2007 include: repair of paved areas along the approach walls at the locks that are used by SLSDC personnel and vessel crew members for tying up vessels during transits (\$150,000); electronic security equipment upgrade (\$100,000); replacement of a maintenance-related backhoe/loader (\$105,000), and vessel traffic controller radio communications upgrade (\$100,000).</p>	

Major capital expenses projected for FY 2007 include: repair of paved areas along the approach walls at the locks that are used by SLSDC personnel and vessel crew members for tying up vessels during transits (\$150,000); electronic security equipment upgrade (\$100,000); replacement of a maintenance-related backhoe/loader (\$105,000), and vessel traffic controller radio communications upgrade (\$100,000).

The most expensive FY 2007 capital project relates to a mechanical upgrade to the lock valves. These valves are used to fill and empty the locks. This request includes funding for the first year of a four-year project to replace the electro-mechanical culvert valve operating machinery with hydraulic equipment. Replacement is necessary because the existing machinery is almost 50 years old and is exhibiting signs of wear. The U.S. Army Corps of Engineers in its 1999 lock survey of the U.S. locks recommended the replacement of the lock valve machinery. The FY 2007 request for this project is \$950,000.

FY 2008 Budget Request:

For FY 2008, the SLSDC is proposing a capital plan of \$740,000, a decrease of \$1.1 million below the FY 2007 request level. Major capital expenses proposed for FY 2008 include: replacement of a 20-ton capacity hydraulic crane utilized for lock and facility maintenance activities that include handling both materials and personnel (\$250,000); repair of paved areas along the approach walls at the locks that are used by SLSDC personnel and vessel crew members for tying up vessels during transits (\$100,000); and Automatic Identification System (AIS) / Traffic Management System (TMS) improvements (\$95,000).

**EXPLANATION OF FUNDING CHANGES
FOR OPERATIONS AND MAINTENANCE ACTIVITIES**

Operations and Maintenance Activities	\$1,147,000
Overview:	
Increases to SLSDC operations and maintenance activities are principally to personnel compensation and benefits. The remaining increases are related to maintenance and special projects that are required to ensure that the infrastructure and supporting equipment are operating properly.	
Salaries and Benefits:	
Increase includes FY 2008 GS pay increase (3 percent) (\$162,000), annualization of FY 2007 pay increase (\$60,000), FY 2008 union wage board pay increase (\$183,000), personnel compensation for two additional days compared to FY 2007 (\$80,000); and an increase in employee benefits (\$175,000).	\$660,000
GSA Rent:	
Based on the latest GSA/DOT rent estimates for SLSDC staff in Washington.	(3,000)
Maintenance and Security Special Projects:	
Net increase of \$400,000 includes: \$185,000 in decreases for one-year maintenance projects expected to be completed in FY 2007; an increase of \$570,000 for the proposed maintenance dredging project, and an increase of \$15,000 for HSPD-12 DOT common identification card activities.	400,000
Inflationary Increases:	
Net increase for inflation is provided for non-pay object classes (2.2 percent).	74,000
Goods/Services from Government Accounts:	
Net increase in DOT Working Capital Fund projections.	16,000

EXPLANATION OF FUNDING CHANGES FOR REPLACEMENTS AND IMPROVEMENTS

Replacements and Improvements	(\$1,100,000)
Overview: Decrease in capital replacements and improvements of \$1.1 million versus the FY 2007 President's Budget request level.	
Replacements and Improvements: The decrease in the capital plan request as compared to the FY 2007 request is due to both the completion of several one-year projects in FY 2007 and the SLSDC's decision to defer the second year mechanical upgrade to the lock valve operating equipment. This multi-year project, proposed to start in FY 2007, will convert the existing electro-mechanical culvert valve operating machinery with hydraulic equipment. Plans were to replace the machinery for two valves each year over a four-year period until the machinery for all eight valves at the two U.S. locks have been replaced. These valves are used to fill and empty the locks. The SLSDC will use the off year in FY 2008 to inspect and evaluate the first two valve hydraulic systems replaced in FY 2007. This additional time would allow the SLSDC to make additional modifications, as necessary, for the remaining six valve hydraulic systems to be replaced starting in FY 2009.	(\$1,100,000)

PERFORMANCE OVERVIEW

The SLSDC integrates performance results into its budget request to demonstrate alignment with the Department of Transportation's Strategic Plan. The agency tracks the following DOT level performance measure to demonstrate program results:

DOT Strategic Objective: Global Connectivity

Measure: Percentage of days U.S. portion of the St. Lawrence Seaway System is available for navigation in the shipping season, including the two U.S. Seaway locks.

Efficient Movement of Cargo (Seaway System Availability)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Target:	99.0%	99.0%	99.0%	99.0%	99.0%
Actual:	99.1%	99.7%	99.0%	---	---

Detailed performance budget information can be found in Section 4 of the budget submission.

PROGRAM ASSESSMENT RATING TOOL (PART)

PART was developed by the Office of Management and Budget to provide a standardized way to assess the effectiveness of the Federal Government's portfolio of programs. The structured framework of PART provides a means through which programs can assess their activities differently than through traditional reviews. The following SLSDC program was assessed through the PART process:

<u>Program</u>	<u>PART Cycle</u>	<u>Score</u>	<u>OMB Assessment</u>
Operations and Maintenance	FY 2007	90	Effective

PART Finding No. 1: This program is effective in ensuring that program resources reach the intended beneficiaries. The agency's efficiency measure of keeping administrative overhead costs to 25 percent or lower makes certain that operations and maintenance programs receive the highest level of funding possible. Annual customer surveys also assist management in determining program effectiveness and priorities.

PART Finding No. 2: This program effectively addresses any management deficiencies prior to impacting operations. The agency's Quality Management System, the core to its International Standards Organization (ISO) certification, requires constant review and updates to ensure that all management practices and deficiencies, if found, are addressed and remedied. Business practices are audited externally every two years.

PART Finding No. 3: This program consistently meets its short and long-term goals. The Seaway's principal annual goal of maintaining system availability at 99 percent is either met or narrowly missed every year. Additionally, annual operational and management accountability goals are met, including 43 consecutive annual clean financial audits without material weaknesses or reportable conditions.

PART Recommendation: Develop a performance rating system/index related to the U.S. Seaway infrastructure to assist in determining structural conditions.

Actions Taken in FY 2006: During FY 2006, the SLSDC began developing a Seaway lock infrastructure index, and has started work with its Canadian counterpart to develop a reliability index similar to the one used by the Canadian St. Lawrence Seaway Management Corporation. Additionally, SLSDC engineers have begun to develop an inventory of critical lock parts and equipment for use in measuring structural conditions.

DEPARTMENT OF TRANSPORTATION
SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
Program and Financing
(in thousands of dollars)

Identification code 69-4089-0-3-403		2006 ACTUAL	2007 ESTIMATE	2008 ESTIMATE
Obligations by program activity:				
00.01	Operations and maintenance	16,076	16,405	17,552
00.02	Replacements and improvements	1,381	1,840	740
10.00	Total new obligations	17,457	18,245	18,292
Budgetary resources available for obligation:				
Unobligated balance carried forward, start of year:				
21.47	Authority to borrow	3,200	3,200	3,200
21.90	Fund balance	10,920	11,080	11,080
21.40	Unobligated balance carried forward, start of year	14,120	14,280	14,280
22.00	New budget authority (gross)	17,230	18,245	18,292
22.10	Resources available from recoveries of prior year obligations	387	...	...
23.90	Total budgetary resources available for obligation	31,737	32,525	32,572
23.95	Total new obligations (-)	(17,457)	(18,245)	(18,292)
Unobligated balance carried forward, end of year:				
24.47	Authority to borrow	3,200	3,200	3,200
24.90	Fund balance	11,080	11,080	11,080
24.40	Unobligated balance carried forward, end of year	14,280	14,280	14,280
New budget authority (gross), detail:				
Mandatory: Spending authority from offsetting collections:				
69.00	Offsetting collections (cash)	17,224	18,245	18,292
69.10	Change in uncollected payments from Federal sources	6	...	...
69.90	Spending authority from offsetting collections (total)	17,230	18,245	18,292
Change in obligated balances:				
72.40	Obligated balance, start of year	5,556	5,279	5,279
73.10	Total new obligations	17,457	18,245	18,292
73.20	Total outlays (gross) (-)	(17,342)	(18,245)	(18,292)
73.45	Recoveries of prior year obligations (-)	(387)	...	...
74.00	Change in uncollected payments from Federal sources	(6)	...	...
74.40	Obligated balance, end of year	5,279	5,279	5,279
Outlays (gross), detail:				
86.97	Outlays from new mandatory authority	17,342	18,245	18,292
Offsets:				
Against gross budget authority and outlays:				
Offsetting collections (cash) from:				
88.00	Federal sources	(16,121)	(17,345)	(17,392)
88.40	Non-Federal sources	(1,103)	(900)	(900)
88.90	Total offsetting collections (cash)	(17,224)	(18,245)	(18,292)
Against gross budget authority only:				
88.95	Change in uncollected payments from Federal sources	6	...	...
Net budget authority and outlays:				
89.00	Budget authority (net)	...	...	...
90.00	Outlays (net)	...	...	...

DEPARTMENT OF TRANSPORTATION
SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
Balance Sheet
(in thousands of dollars)

Identification code 69-4089-0-3-403	2005 ACTUAL	2006 ACTUAL
Assets:		
Federal assets:		
1101 Fund balance with Treasury	5,280	5,473
1106 Receivables, net	...	...
1107 Advances and prepayments	...	...
Non-Federal assets:		
1201 Investments in non-Federal securities	7	7
1206 Receivables, net	79	82
1207 Advances and prepayments	...	...
Other Federal assets:		
1801 Cash and other monetary assets	12,040	11,651
1803 Property, plant and equipment, net	76,835	76,073
1901 Other assets	2,716	3,089
1999 Total assets	96,957	96,375
Liabilities:		
Federal liabilities:		
2101 Accounts payable	...	...
Non-Federal liabilities:		
2201 Accounts payable	2,820	3,034
2206 Pension and other actuarial liabilities	2,716	3,086
2207 Other	...	...
2999 Total liabilities	5,536	6,120
Net Position:		
3200 Invested capital	91,818	91,065
3300 Cumulative results of operations	(397)	(810)
3999 Total net position	91,421	90,255
4999 Total liabilities and net position	96,957	96,375

DEPARTMENT OF TRANSPORTATION
SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
Object Classification
(in thousands of dollars)

Identification code 69-4089-0-3-403		2006 ACTUAL	2007 ESTIMATE	2008 ESTIMATE
Personnel compensation:				
11.1	Full-time permanent	8,785	9,128	9,600
11.3	Other than full-time permanent	173	249	255
11.5	Other personnel compensation	600	611	618
11.9	Total personnel compensation	9,558	9,988	10,473
12.1	Civilian personnel benefits	2,774	2,902	3,077
	Personnel compensation & benefits	12,332	12,890	13,550
21.0	Travel and transportation of persons	155	158	161
22.0	Transportation of things	7	5	5
23.1	Rental payments to GSA	234	236	238
23.2	Rental payments to others	218	8	8
23.3	Communications, utilities, & misc.	247	240	245
23.0	Total rent, communications, & utilities	699	484	491
24.0	Printing and reproduction	27	5	5
25.1	Advisory and assistance services	41	-	-
25.2	Other services	775	311	318
25.3	Purchases of goods/services from Government accts.	500	369	408
25.4	Operation and maintenance of facilities	1,176	1,720	2,141
25.6	Medical care	6	12	12
25.7	Operation and maintenance of equipment	81	26	27
25.0	Total other contractual services	2,579	2,438	2,906
26.0	Supplies and materials	1,010	425	434
31.0	Equipment	512	340	440
32.0	Land and structures	136	1,500	300
	Total other-than-personnel	5,125	5,355	4,742
99.9	Total obligations	17,457	18,245	18,292

**DEPARTMENT OF TRANSPORTATION
SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
Personnel Summary**

Identification code 69-4089-0-3-403	2006 ACTUAL	2007 ESTIMATE	2008 ESTIMATE
Total compensable work years:			
5001 Full-time equivalent employment	145	157	157
5005 Full-time equivalent of overtime and holiday hours	5	6	6

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Summary

Tables

EXHIBIT IV-1
FY 2008 BUDGET REQUEST BY STRATEGIC OBJECTIVE AND PERFORMANCE GOAL
Saint Lawrence Seaway Development Corporation
Appropriations
(in thousands of dollars)

	(A)	(B)	(C)	(D)
		FY 2006	FY 2007	
STRATEGIC & PERFORMANCE GOALS	FY 2006	CONTINUING	PRESIDENT'S	FY 2008
<u>BY PROGRAM ACTIVITIES</u>	<u>ACTUAL</u>	<u>RESOLUTION</u>	<u>BUDGET</u>	<u>REQUEST</u>
Global Connectivity <i>(Efficient Movement of Cargo)</i>				
Percentage of days U.S. portion of the St. Lawrence Seaway System is available for navigation in the shipping season, including the two U.S. Seaway locks.				
a. Operations and maintenance activities	\$14,424	\$14,424	\$15,255	\$16,442
b. Replacements and improvements	\$1,347	\$1,347	\$1,840	\$740
	-----	-----	-----	-----
Subtotal:	\$15,771	\$15,771	\$17,095	\$17,182
FTE:	144	156	156	156
Security, Preparedness and Response <i>(Seaway Readiness Index)</i>				
(Measure Under Development)				
a. Operations and maintenance activities	\$250	\$250	\$250	\$210
b. Replacements and improvements	\$0	\$0	\$0	\$0
	-----	-----	-----	-----
Subtotal:	\$250	\$250	\$250	\$210
FTE:	1	1	1	1
TOTAL (69-8003):	\$16,021	\$16,021	\$17,345	\$17,392
FTE:	145	157	157	157

EXHIBIT IV-2
FY 2008 BUDGET REQUEST BY APPROPRIATIONS ACCOUNT AND PERFORMANCE GOAL
Saint Lawrence Seaway Development Corporation
Appropriations
(in thousands of dollars)

APPROPRIATION/PROGRAM ACTIVITY/PERFORMANCE GOAL	FY 2006 <u>ACTUAL</u>		FY 2007 <u>CONT. RES.</u>		FY 2007 <u>PRES. BUD.</u>		FY 2008 <u>REQUEST</u>	
	<u>(\$000)</u>	<u>FTEs</u>	<u>(\$000)</u>	<u>FTEs</u>	<u>(\$000)</u>	<u>FTEs</u>	<u>(\$000)</u>	<u>FTEs</u>
<u>Operations and Maintenance (69-8003)</u>								
Efficient Movement of Cargo <i>(Global Connectivity)</i>								
Percentage of days U.S. portion of the St. Lawrence Seaway System is available for navigation in the shipping season, including the two U.S. Seaway locks.	\$15,771	144	\$15,771	156	\$17,095	156	\$17,182	156
Seaway Readiness Index <i>(Security, Preparedness and Response)</i>								
(Measure Under Development)	\$250	1	\$250	1	\$250	1	\$210	1
TOTAL:	<u>\$16,021</u>		<u>\$16,021</u>		<u>\$17,345</u>		<u>\$17,392</u>	
FTE (directly funded only):		<u>145</u>		<u>157</u>		<u>157</u>		<u>157</u>

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Global Connectivity

GLOBAL CONNECTIVITY
Performance Goal: Efficient Movement of Cargo

This funding request contributes to the DOT Global Connectivity strategic goal and to the Efficient Cargo Movement performance outcome goal. Independent economic analyses have concluded that the efficient movement of maritime commerce through the waterway has a sizable economic benefit to the nation and the Great Lakes region. In fact, Seaway commerce impacts 150,000 jobs, \$12 million per day in wages, and \$9 million per day in business revenues by firms engaged in trade. Commercial transportation on the Great Lakes St. Lawrence Seaway System serves as competition to other maritime trade routes as well as other transportation modes, which benefits the nation in lower consumer prices of finished goods.

Percentage of days in the shipping season that the U.S. portion of the St. Lawrence Seaway System is available. (FY)

Target:	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
	99.0	99.0	99.0	99.0	99.0	99.0
Actual:	98.9	99.1	99.7	99.0		

The FY 2008 request for this performance goal is \$18,082,000, which is \$87,000 above the FY 2007 President's Budget request. This increase includes: \$747,000 to fund "current services" costs outside the control of the SLSDC (pay, benefits, inflation, GSA rent, and Working Capital Fund increases); and \$660,000 in net program decreases, including \$1.1 million from capital-related projects and equipment.

This request for Global Connectivity activities would allow the SLSDC to fund the necessary day-to-day operations and maintenance costs required for continued commercial transportation on the St. Lawrence Seaway, including personnel compensation and benefits for 156 FTEs. The request also includes the fourth year of funding for the projected four-year, \$6 million major concrete replacement project that is critical to the future operation of the two U.S. locks (\$1.5 million) and funds necessary maintenance dredging in the U.S. portion of the Seaway (\$570,000).

The SLSDC's principal performance goal is to provide a safe, secure, reliable, and efficient U.S. portion of the St. Lawrence Seaway to its commercial users. The annual goal is 99 percent availability of the U.S. section of the Seaway, including the two U.S. locks, during the navigation season (typically runs from late March to late December). During the 2006 navigation season, the SLSDC achieved the goal with a 99.1 percent system availability rate for the U.S. portion of the Seaway (FY 2006 availability rate was 99.0 percent). Since the waterway's opening in 1959, more than 1.8 billion metric tons of cargoes have been transported through the two U.S. Seaway locks.

The resources requested to achieve this goal are:

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
Appropriations, Obligation Limitations and Exempt Obligations
Operations and Maintenance (69-8003)
(in thousands of dollars)

<u>REQUEST by</u>	<u>FY 2006</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
<u>PERFORMANCE GOAL</u>	<u>ACTUAL</u>	<u>CONT. RES.</u>	<u>PRES. BUD.</u>	<u>REQUEST</u>
1. Global Connectivity <i>(Maritime Navigation)</i>				
A. Percentage of days U.S. portion of the St. Lawrence Seaway System is available for navigation in the shipping season, including the two U.S. Seaway locks.	<u>\$15,771</u>	<u>\$15,771</u>	<u>\$17,095</u>	<u>\$17,182</u>
FTE	145	156	156	156

Performance Issue: The SLSDC's FY 2008 request level of \$17,182,000 for Global Connectivity activities includes all SLSDC expenses not specifically related to security programs, initiatives, and staffing. The request is \$87,000 above the FY 2007 President's Budget request (\$747,000 in net baseline-related increases, and \$660,000 in net program decreases). As highlighted in its PART review completed as part of the FY 2007 President's Budget, the Corporation has an effective program for its overall operations and maintenance activities related to the St. Lawrence Seaway.

All SLSDC programs and activities related to the DOT Global Connectivity performance measure and the Secretary's Efficient Movement of Cargo priority are focused on meeting the 99 percent or better goal for U.S. Seaway sector availability. The SLSDC is directly responsible for ensuring the safe, efficient, and secure passage of commercial vessels through the binational St. Lawrence Seaway and it has maintained a 99 percent availability rate throughout the waterway's history beginning in 1959.

Accomplishing this goal allows greater competition to exist among all commercial transportation routes and modes, resulting in lower delivery costs to businesses and lower prices for goods by consumers. In addition, waterborne commerce on the Seaway System reduces the number of trucks on the region's interstate highways and roads. In fact, each Seaway maximum size vessel carries roughly 25,000 metric tons, the equivalent of 870 semi-trucks.

To ensure that the U.S. Seaway locks are safe for the navigation season, SLSDC engineering and maintenance crews utilize the Seaway's closure during the winter months to drain the water from the locks, inspect critical lock parts and components, and perform necessary repairs and upgrades. Without sufficient funding to make the necessary repairs and capital improvements each year, the risk of a lock malfunction or shutdown increases. It is vital that the SLSDC continue to complete its capital and maintenance programs, as planned, to ensure that the Seaway System remains safe, reliable, and efficient.

Marginal Cost of Performance

<u>Appropriations Account</u>	FY 2008 BASELINE ESTIMATE		FY 2008 PROGRAM CHANGES		FY 2008 TOTAL REQUEST	
	<u>(\$000)</u>	<u>FTEs</u>	<u>(\$000)</u>	<u>FTEs</u>	<u>(\$000)</u>	<u>FTEs</u>
Operations and Maintenance (69-8003)	\$17,842	156	(\$660)	0	\$17,182	156

Agency Output or Outcome Measure Associated with this Program Increase:

Trade Development – Commercial Cargo Tonnage (*Internal Strategic Goal*)

Performance Measure:

Increase commercial cargo through the Seaway System (goal of 1 percent growth every year based on baseline level of 41.7 million metric tons in 2001)

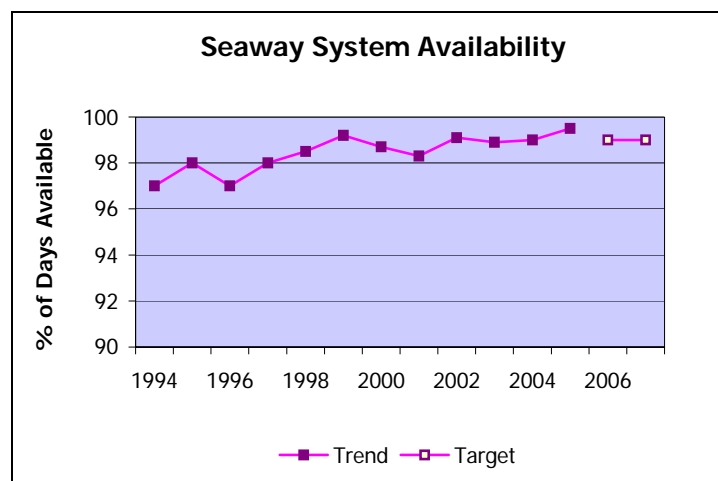
<u>Baseline Performance Level</u>	<u>2001</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Target (<i>in millions of metric tons</i>)(mmt)	---	43.4 mmt	43.8 mmt	44.2 mmt	44.6 mmt
Actual (<i>in millions of metric tons</i>)(mmt)	41.7 mmt	43.3 mmt	---	---	---
<u>Estimated Performance Impact</u>					
<u>Without Program Changes</u>	---	---	---	---	(1.8 mmt)
<u>(Total) Performance</u>					
<u>Without Program Changes</u>	---	---	---	---	42.8 mmt
<u>(Total) Performance</u>					
<u>With Program Changes</u>	---	---	---	---	44.6 mmt

Detail: Without sufficient funding for the SLSDC to perform the necessary maintenance dredging in the U.S. portion of the Seaway in FY 2008, there is an increased likelihood of delays to commercial vessels transiting the waterway. In order to minimize these delays, the two Seaway entities would enforce a lower maximum sailing draft to avoid vessel groundings due to the undredged portion of the navigation channel. The enforcement of a lower maximum sailing draft would create a significant financial burden on Seaway users as vessels would carry less cargo per transit to ensure sufficient clearance from the river floor. The SLSDC estimates that such a scenario could result in as much as six less inches of cargo per transit (current commercial draft is 26 feet, 6 inches). Based on 2005 loaded transit and tonnage data, such a reduction in sailing draft would have resulted in 1.1 million metric tons of less cargo moving through the waterway in 2005, or 4 percent of total tonnage. Such a result would seriously jeopardize the Great Lakes Seaway System's global competitiveness for the movement of agricultural and steel-related products and could force long-time and prospective customers to seek alternative transportation routes and modes. Assuming that the loaded transit-to-tonnage ratio remains the same in 2008 as it was in 2005, which was in line with historical ratios, the 4 percent reduction due to the lower sailing draft would equate to 1.8 million metric tons of lost cargo in 2008. This reduction, assuming all other factors remain constant, would result in a total seasonal tonnage level of 42.8 million metric tons, which would be the tenth lowest tonnage level since the St. Lawrence Seaway opened in 1959. Alternatively, with the funding to complete the necessary dredging, commercial vessels could carry full loads of cargo with a resulting estimated tonnage level of 44-45 million metric tons. This estimated amount would be the waterway's highest total in six seasons.

Time, weather, and usage take a toll on the Seaway locks' workable or useable condition as on any concrete-based transportation infrastructure. Adding to the deterioration of the lock structures are the freeze and thaw cycles resulting from the harsh winter weather conditions in upstate New York. The U.S. Seaway locks have never experienced a major shutdown due to lock equipment malfunctioning. This significant accomplishment is due, in large part, to the SLSDC's pro-active preventative maintenance program that targets lock machinery, parts, and equipment in need of inspection and repair or replacement.

To improve the process of ensuring that critical lock parts and machinery are properly identified for repair or replacement, the SLSDC's PART review included a recommendation to develop a Seaway infrastructure reliability index that would assist Corporation engineers and maintenance teams in determining infrastructure priorities. The SLSDC has started work with its Canadian counterpart to develop a reliability index similar to the model used by the Canadian Seaway Management Corporation.

During the 2006 navigation season, the availability of the U.S. sectors of the Seaway, including the two U.S. locks maintained and operated by the SLSDC, was 99.1 percent (99.0 percent in FY 2006), meeting the annual goal of 99 percent. The majority of causes for delays were weather and vessel incidents. Of the remaining factors that cause system non-availability, the Corporation has the most control over the proper functioning of its lock equipment. During FY 2006, lock equipment malfunction delays totaled 3 hours, 7 minutes, representing five one-hundredths of 1 percent of the total navigation time during FY 2006.



Anticipated FY 2007 Accomplishments: The FY 2007 President's Budget request of \$17,095,000 for Global Connectivity programs is expected to provide the SLSDC with an adequate level to meet the agency's programs and initiatives to ensure the availability of the U.S. portion of the Seaway, including the two U.S. locks. With this funding level, the SLSDC expects to complete all programs and activities that would result in accomplishing the 99 percent availability goal. The FY 2007 request level of funding will allow the SLSDC to:

- (1) Operate and maintain a safe, secure, and efficient commercial trade route with a reliability rate in the U.S. sector of the system of 99 percent or greater through vessel traffic control operations and infrastructure maintenance. The SLSDC will emphasize periodic inspections and surveys of locks and machinery, and implement infrastructure improvements, including those recommended by the U.S. Army Corps of Engineers, during its annual winter maintenance program. This capital and maintenance program is critical to maintaining the reliability of the waterway and its infrastructure.
- (2) Begin the second year of work on a four-year, \$6 million concrete replacement project at the two U.S. Seaway locks (*fourth year of funding is included in the FY 2008 base request*). The SLSDC hired a contractor in FY 2006 to perform the concrete replacement with SLSDC personnel providing lock covering work and stairway construction. Contractors will be utilized again in future years. The replacement of deteriorated concrete has historically been one of the SLSDC's most expensive maintenance projects dating back to the Seaway's opening in 1959. The majority of the concrete replacement has occurred at the U.S. Eisenhower Lock, which has had a history of concrete problems.
- (3) Begin the first year of work on a four-year project to replace the electro-mechanical culvert valve operating machinery with hydraulic equipment. These valves are used to fill and empty the locks. The existing machinery is almost 50 years old and consequently is exhibiting signs of wear.
- (4) Continue close coordination and involvement with its Canadian counterpart agency in all aspects of Seaway operations and trade development to ensure consistent practices and greater economies of scale, including annual toll level negotiations. The two agencies will continue to work cooperatively on the vessel inspection procedures of foreign-flagged vessels, invasive species activities affecting the Great Lakes Seaway System, and binational trade development initiatives including the Highway H₂O program and Short Sea Shipping activities.
- (5) Participate in various President's Management Agenda and Department-wide activities, including E-Payroll, E-Training, Grants.gov, Business Gateway, Integrated Acquisition, Disaster Management Initiative, and Automated Staffing.

FY 2008 Performance Budget Request: The SLSDC's FY 2008 request level of \$17,182,000 for Global Connectivity activities equates to all SLSDC non-security personnel compensation and benefits, operations and maintenance expenses (except for security-related costs), and capital equipment and project costs.

The FY 2008 request is \$40,000 above the FY 2007 President's Budget request level. Program reductions of \$660,000 for Global Connectivity activities were required to provide sufficient funding for SLSDC financial obligations. The SLSDC is proposing a \$385,000 increase for maintenance-related special projects to include concrete replacement and maintenance dredging. This is being offset by \$1.1 million in capital equipment and projects for both one-year projects completed in FY 2007 and the deferment of the second year mechanical upgrade to the lock valve operating equipment. This multi-year project, proposed to start in FY 2007, will convert the existing electro-mechanical culvert valve operating machinery with hydraulic equipment. Plans were to replace the machinery for two valves each year over a four-year period until the machinery for all eight valves at the two U.S. locks have been replaced. These valves are used to fill and empty the locks. The SLSDC will use the off year in FY 2008 to inspect and evaluate the first two valve hydraulic systems replaced in FY 2007. This additional time would allow the SLSDC to make additional modifications, as necessary, for the remaining six valve hydraulic systems to be replaced starting in FY 2009.

The largest new project included in the SLSDC's Global Connectivity request relates to maintenance dredging on the waterway. The SLSDC proposes dredging approximately 750 cubic yards of river bottom material from high spots in the navigation channel in U.S. waters east of Snell Lock. These high spots could impact the drafts of vessels transiting the Seaway during periods of low water. The Corporation has been working with the U.S. Army Corps of Engineers and the N.Y. State Department of Environmental Conservation to secure permits to complete this work. The required sampling and testing of the river bottom materials to be dredged has been completed. Testing revealed contaminants in the material to be dredged; therefore, this material will be hauled off-site and disposed of at a landfill in accordance with Environmental Protection Agency (EPA) and NYSDEC regulations.

The SLSDC's Global Connectivity budget also includes \$248,000 in Information Technology initiatives. These initiatives are the Seaway Automatic Information System (AIS), the SLSDC financial management system, the agency's efforts in the area of Enterprise Architecture, and its common IT services provided by the Department. All four IT initiatives have been reported in detail through the capital planning process and the Exhibit 53 submission.

The AIS system, which serves as one of the agency's "Expanding E-Government" initiatives, utilizes GPS technology to allow SLSDC to more efficiently manage vessel traffic control and vessel transits at the U.S. Seaway locks and is an example of a PMA E-Gov initiative. Implemented at the start of the 2003 navigation season, the Seaway became the first inland waterway in the western hemisphere to implement an operational AIS vessel traffic services system.

The SLSDC's financial management system supports the President's "Improving Financial Management" initiative and includes nine subsystems that allow Corporation officials to track all financial-related information and meet all independent auditor reporting requirements. The SLSDC has received 43 consecutive unqualified or "clean" financial audits since its first audit in 1955, a major achievement under the PMA initiative of financial performance improvement.

To maximize its existing funding levels for Global Connectivity, the SLSDC works toward attaining its OMB efficiency goal and internal performance measure of lowering agency administrative expenses as a percentage of all operating costs to 25 percent. This level of overhead expenses, well below baseline federal and state government levels, was established based on an analysis of private-sector goals for companies of similar size. During FY 2006, the SLSDC's administrative cost percentage was 24.5 percent.

The SLSDC uses this efficiency measure to ensure that core mission expenses are given priority over administrative costs, whenever possible. As the Seaway nears 50 years in operation, it is crucial that the SLSDC focus its funding priorities on operational and lock-related activities and programs.

The Administrator and SLSDC senior staff are provided with detailed monthly and "ad hoc" expenditure reports that detail various financial goals, including the administrative cost ratio. The goal has aided the SLSDC leadership in remaining focused on core mission-related projects, programs, and expenses, especially during periods of budget constraints. The goal is included in the SLSDC's strategic plan, as well as the Administrator's annual accountability contract with the Secretary of Transportation.

Administrative expenses include executive management and administration of the Corporation. These programs include legal, policy, civil rights, accounting, procurement, human resources, information technology, and related administrative support services. The SLSDC has implemented a number of activities to achieve this goal, including prioritizing operational vacancies over administrative-related vacancies; eliminating administrative-related positions through attrition; reducing supplies and materials, contractual services, and working capital fund services; and investigating new technologies to reduce administrative overhead costs (e.g., binational web site has greatly reduced amount of mailings).

SLSDC senior officials with direct responsibility for operations and maintenance activities are:

Associate Administrator for Seaway Operations – Sal Pisani
Deputy Associate Administrator for Seaway Operations – Carol Fenton
Director, Office of Lock Operations and Marine Services – Lori Curran
Director, Office of Engineering and Maintenance – Tom Lavigne

Senior officials with other Global Connectivity-related responsibilities and activities are:

Administrator – Collister Johnson, Jr.
Deputy Administrator and Acting Chief Counsel – Craig Middlebrook
Chief of Staff – Anita Blackman
Director, Office of Finance Management and Administration – Mary Ann Hazel
Chief Financial Officer – Edward Margosian

Director, Office of Budget, Strategic Planning, and Information Technology – Kevin O'Malley
Director, Office of Trade Development, Congressional and Public Affairs – Rebecca McGill

In addition to the Global Connectivity measure related to system availability and the efficiency measure for administrative expenses, the SLSDC also strives to meet its DOT Organizational Assessment goals related to contracting with small and disadvantaged businesses. In FY 2005, the SLSDC achieved the highest percentage of small business contracts in the Department at 86 percent. In FY 2006, the SLSDC met one of its two contracting performance metrics.

The SLSDC will continue to work towards achieving its goal of 99 percent system availability by providing a safe, secure, reliable, and efficient waterway and lock system through its primary operations, maintenance, and capital improvement programs. The concrete replacement and proposed dredging project in are crucial steps towards ensuring that the U.S. Seaway locks and waters are safe, efficient, and reliable for commercial vessel transits.

The St. Lawrence Seaway is expected to become an even more important commercial transportation route over the next decade as the U.S. and Canadian governments seek to ease highway and rail congestion, especially along North America's East and West Coasts and Midwest region. Over the past few years, the St. Lawrence Seaway has enjoyed significant growth in new business as the waterway has become a viable alternative for shippers looking to avoid port, highway, and rail congestion. As congestion-related initiatives such as Short Sea Shipping continue to develop, the St. Lawrence Seaway will further improve its position as a competitive alternative for shipments to and from the Midwest region of North America. A reduction in the Seaway's availability rate could result in commercial users seeking alternative transportation routes and modes to and from North America, negatively affecting Seaway System economic benefits.

Exhibit 53 Information Technology Investments Directly Supporting "Global Connectivity"		
<u>IT Investment Name</u>	<u>FY 2007 Request</u>	<u>FY 2008 Request</u>
AIS/GPS Project	\$50,000	\$50,000
SLSDC Financial Management System	\$20,000	\$20,000
Enterprise Architecture	\$15,000	\$15,000
Common IT Services *	\$146,000	\$163,000
TOTAL	\$231,000	\$248,000
* Common IT Services includes IT security; network engineering; voice, cable and wireless; IDN; desktop services; consolidated server services; and directory and messaging services.		

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Security

SECURITY, PREPAREDNESS AND RESPONSE

Performance Goal: Seaway Readiness Index *(Supplemental Goal)*

This funding request supplements the DOT Security, Preparedness and Response strategic goal and will directly support an internal performance measure, which is currently under development, linked to the SLSDC's readiness in the event of a security-related emergency either at the U.S. Seaway locks facilities in Massena, N.Y., or at the U.S. Department of Transportation Headquarters in Washington, D.C. The measure will focus on readiness in the areas of security preparation, Continuity of Operations (COOP), involvement in U.S. and Canadian federal, state, and provincial security working groups, and participation in security-related exercises/simulations. The goal is expected to be developed and implemented for the start of 2007 navigation season (late March/early April).

This request would allow the SLSDC to continue performing its post-September 11 security program focused on improving its readiness in the event of a security-related event and protecting the U.S. sections of the St. Lawrence Seaway, including the two U.S. locks in Massena and its employees. A shutdown, due to a security-related event or a lock malfunction to any one of the Seaway's 15 U.S. and Canadian locks between Montreal and Lake Erie, would stop operations in the entire Seaway System, which serves as a critical transportation link to and from the agricultural and industrial heartland of North America. The economic impact of a Seaway shutdown would be detrimental to the Seaway's core customer base, as well as label the binational waterway as an unsafe and unreliable transportation route.

DOT has classified the SLSDC's principal physical infrastructure, the two U.S. Seaway locks as critical to the Nation's transportation system. The SLSDC has managed an internal security program in its Massena offices since the 1980s. However, the events of September 11, 2001, heightened the awareness of possible terrorist attacks on transportation systems, including the St. Lawrence Seaway and its lock system.

The resources requested to achieve this goal are:

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

Appropriations, Obligation Limitations and Exempt Obligations

Operations and Maintenance (69-8003)

(in thousands of dollars)

REQUEST by	FY 2006	FY 2006	FY 2007	FY 2008
<u>PERFORMANCE GOAL</u>	<u>ACTUAL</u>	<u>CONT. RES.</u>	<u>PRES. BUD.</u>	<u>REQUEST</u>
1. Security, Preparedness and Response				
<i>(Seaway Readiness Index – Supplemental)</i>				
A. (Measure Under Development)	<u>\$250</u>	<u>\$250</u>	<u>\$250</u>	<u>\$210</u>
FTE	1	1	1	1

Performance Issue: The SLSDC's FY 2008 request level of \$210,000 for security activities includes all SLSDC expenses specifically related to its security programs, initiatives, and staffing (one FTE directly assigned to this performance measure). The FY 2008 request is \$40,000 below the FY 2007 President's Budget request level. This reduction is due to the anticipated reduction of a multi-year security-related capital project included in the FY 2007 President's Budget. The project is proposed to continue in FY 2008 at a reduced amount.

The SLSDC's security program represents a critical component to ensuring that the binational St. Lawrence Seaway continues to operate efficiently while remaining open for commerce. A shutdown, due to a security-related event or any type of lock malfunction or failure, to any one of the Seaway's 15 U.S. and Canadian locks between Montreal and Lake Erie would stop operations through the St. Lawrence Seaway System and severely disrupt international traffic throughout the entire Great Lakes. The Great Lakes St. Lawrence Seaway System serves as a critical transportation link to and from the agricultural and industrial heartland of North America. The economic impact of a Seaway shutdown would be detrimental to the waterway's core customer base, as well as label the binational waterway as an unsafe and unreliable transportation route.

Following the September 11, 2001 terrorist attacks, the SLSDC immediately increased its level of security along its portion of the St. Lawrence Seaway and coordinated its activities with various law enforcement and security-related agencies. The SLSDC already maintained close relationships with federal, state, local, and Canadian agencies involved in law enforcement and emergency issues. Those relationships have become closer and additional ties have been formed with the Transportation Security Administration and the Department of Homeland Security.

Anticipated FY 2007 Accomplishments: The FY 2007 request level of \$250,000 will allow the SLSDC to continue its post-September 11 security program to ensure that the SLSDC workplace assets, including the two U.S. Seaway locks, and its employees are protected. The FY 2007 base level of funding will allow the SLSDC to:

- (1) Continue to perform its security-related activities, including participating on various security working groups, coordinating security policies with U.S. and Canadian agencies, and ensuring that off-site COOP locations are in a "ready state" in the event of activation.
- (2) Improve its physical security systems and equipment, such as intrusion detection and electronic access control systems.
- (3) Fund personnel compensation and benefits for its one FTE assigned to security responsibilities.
- (4) Provide temporary security guards at the Eisenhower Lock Visitors' Center during the summer months.

In addition, the SLSDC will continue to work cooperatively with security and intelligence officials at both the Departments of Transportation and Homeland Security to ensure that the St. Lawrence Seaway infrastructure is protected to the maximum extent possible. The SLSDC's lock infrastructure has been recognized as critical by the Department of Transportation. The SLSDC ensures the infrastructure's physical security, conducts vessel inspections on foreign flag vessels before they enter into U.S. waters, and employs GPS-based vessel tracking technologies to increase both efficiency and security while carrying out its responsibility of controlling vessel traffic over

approximately 450 nautical miles. The SLSDC will continue to be an active participant in DOT, Federal, and New York State tests and exercises.

FY 2008 Performance Budget Request: For FY 2008, the SLSDC requests \$210,000 to fund its security program. This level is broken down as follows: (1) \$135,000 in personnel related costs; (2) \$20,000 in personnel costs for temporary security guards required at the Eisenhower Lock Visitors' Center during the summer months; (2) \$40,000 for an electrical/security equipment upgrade for greater coverage of property surveillance; and (3) \$15,000 for costs associated with the Department's HSPD-12 common identification card initiative.

In FY 2008, the SLSDC plans to continue utilizing five part-time security guards during the summer months at the Eisenhower Lock Visitors' Center as well as guards during the winter months to survey the lock facilities when navigation is closed. The summer guards serve as support for the SLSDC's Chief of Security to look for suspicious activity at the Visitors' Center and to perform screenings of visitors, while the winter guards look for suspicious activity around the two U.S. Seaway locks.

Security funding levels insufficient to meet these costs would result in increased security vulnerabilities to the Seaway's infrastructure and could result in the closing of the Eisenhower Lock Visitors' Center during the summer of 2008. Each year, more than 50,000 visitors from the U.S. and Canada visit the Center to view commercial vessels transiting the lock. There is strong support with the local tourism and political communities to keep the Visitors' Center open for business between Memorial Day and Labor Day.

The SLSDC security request includes \$40,000 for an upgrade to electronic/security equipment to move from the existing closed circuit television (CCTV) system to a new and expanded system to be carried on a fiber optic backbone that was completed in FY 2005. This phase is a continuation of work already completed since 9/11 to better enhance Seaway infrastructure security.

Without funding for this multi-year security-related capital project, the long-term security timeline for the agency will be delayed until funding is made available. This equipment upgrade is a critical component to the already-upgraded communications link (fiber optic) between the three SLSDC Massena facilities. The equipment will also support vessel traffic controllers with improved video of vessels transiting the locks that are monitored and taped to insure that vessels that damage the facilities are held accountable for repairs.

In addition to this capital project, SLSDC staff will continue to be trained and tested on the agency's contingency measures in the event of a security or terrorist-related incident. SLSDC staff will also continue to aggressively pursue the objectives of its security program, which includes greater protection of SLSDC facilities, improved measures for employee and visitor entry into facilities, and planned contingencies for facilities/infrastructure in the event of a heightened security alert. Finally, SLSDC staff will continue to work collaboratively with federal security and intelligence agencies as situations arise.

To better measure its security performance, the SLSDC is currently developing a new supplemental goal that will measure the SLSDC's readiness in the event of an emergency or other security-related incident. The goal is expected to be developed and implemented in FY 2007.

A new program included in the SLSDC's Security, Preparedness and Response request for FY 2008 relates to Homeland Security Presidential Directive (HSPD) 12 and the Department's efforts to implement a common identification card with smart card technologies. This initiative will be led by the Office of the Secretary and is estimated at \$15,000 to cover costs for SLSDC employees and contractors.

The SLSDC senior official with direct responsibility for security activities is William Warburton, SLSDC Chief of Security.

Exhibit 53 Information Technology Investments Directly Supporting "Security, Preparedness and Response"		
<u>IT Investment Name</u>	<u>FY 2007 Request</u>	<u>FY 2008 Request</u>
HSPD 12 Common ID Card	\$ 0	\$15,000
TOTAL	\$ 0	\$15,000
* Estimated based on DOT-provided assumptions of \$84.00 per federal employee and contractor requiring a common identification card.		

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**DEPARTMENT OF TRANSPORTATION
SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
Summary of Baseline and Program Changes
(in thousands of dollars)**

Annualization of FY 2007 Pay Act Increase	60
This annualizes the January 2007 pay act increase by providing funding for the fourth quarter.	
FY 2008 Pay Act Increase	162
This will provide three-quarter year funding for the proposed pay act increase, estimated at 3 percent, effective in January 2008.	
FY 2008 Wage Board Increase	183
This will provide full year funding for an estimated 4 percent pay increase proposed to become effective in October 2007 for wage grade personnel, contingent upon negotiations with the union, and execution of a new Collective Bargaining Agreement.	
262 Compensable Days in FY 2008	80
Personnel compensation for two additional days compared to FY 2007.	
Increase in Benefits	175
This increase is for health benefits provided to employees (Health, Workers' Compensation, TSP, FERS).	
Personnel Compensation and Benefits Increases	\$ 660
Working Capital Fund	16
Based on latest estimates from OST comparing FY 2008 request amount versus FY 2007 OPPLAN1 level.	
Increase in Maintenance Special Projects	385
Net increase due to need for maintenance dredging in the U.S. portion of the St. Lawrence River (\$540K).	
Decrease in Capital Plan Projects	(1,100)
FY 2008 Capital Plan request versus FY 2007 President's Budget request level.	
Department-wide HSPD-12 Initiatives	15
Based on DOT estimate of \$84.00 per federal employee (157) and contractor (13).	
GSA Rent Estimates for the Washington Office	(3)
Based on GSA/DOT estimates	
Inflationary Increases	74
Net increases for inflation are provided for non-pay object classes (2.2 percent).	
Other-Than-Personnel Increases	\$ (613)
TOTAL CHANGES	\$ 47

DEPARTMENT OF TRANSPORTATION
SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
FY 2008 BUDGET ESTIMATES
(in thousands of dollars)

	2007	2008	
	<u>PRES. BUD.</u>	<u>REQUEST</u>	<u>DIFFERENCE</u>
Full-time equivalent employment (FTEs)	157	157	0
<u>Program level:</u>			
Operating expenses	\$16,405	\$17,552	\$1,147
Replacements and improvements	1,840	740	(1,100)
Total program level:	\$18,245	\$18,292	\$47
<u>Funding:</u>			
Trust funds (Harbor Maintenance Trust Fund) (69-8003)	\$7,920	\$17,392	\$9,472
<i>U.S. Seaway Commercial Toll Receipts</i>	9,425	0	(9,425)
Non-federal revenues	900	900	0
Total funding level (69x4089):	\$18,245	\$18,292	\$47

Change in resources: The Corporation's FY 2008 budget estimates total expenditures of \$18,292,000. This includes \$17,552,000 to fund operating expenditures and \$740,000 for capital replacements and improvements. The Corporation proposes to fund the FY 2008 program level from an appropriations from the Harbor Maintenance Trust Fund (HMTF) of \$17,392,000 and \$900,000 in non-federal revenues.

DEPARTMENT OF TRANSPORTATION
SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
Summary of Expenses by Activity
(in thousands of dollars)

Identification code 69-4089-0-3-403	2006 ACTUAL	2007 ESTIMATE	2008 ESTIMATE
Operations and Maintenance:			
1. Lock and Marine Operations	3,575	3,648	3,903
2. Maintenance and Engineering	4,457	4,548	4,866
3. General and Development	4,156	4,241	4,538
4. Administrative	3,888	3,968	4,245
Total Operations and Maintenance	16,076	16,405	17,552
Replacements and Improvements:			
1. Equipment	25	340	440
2. Capital Projects	1,356	1,500	300
Total Replacements and Improvements	1,381	1,840	740
Total Obligations	17,457	18,245	18,292
Authorized Positions by Activity:			
1. Lock and Marine Operations	62	62	62
2. Maintenance and Engineering	47	47	47
3. General and Development	17	17	17
4. Administrative	31	31	31
Total Positions	157	157	157

DEPARTMENT OF TRANSPORTATION
SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
Summary of Travel and Transportation of Persons
(in thousands of dollars)

Identification code 69-4089-0-3-403	2006 ACTUAL	2007 ESTIMATE	2008 ESTIMATE
Field Offices:			
Business travel			
Operations	25	30	32
Administrative	7	7	7
Travel associated with training	9	11	11
Travel to and from Washington, D.C.	6	7	7
Travel to and from Massena, N.Y.	0	0	0
Foreign travel	0	0	0
Canadian travel	5	6	7
Subtotal	52	61	64
DC Office:			
Business travel			
Operations	5	6	6
Administrative	14	15	15
Travel to and from Washington, D.C.	0	0	0
Travel to and from Massena, N.Y.	11	15	15
Foreign travel	27	28	28
Canadian travel	32	33	33
Subtotal	89	97	97
Grand Total	141	158	161

**DEPARTMENT OF TRANSPORTATION
SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
GENERAL JUSTIFICATION**

Activities financed by this program include functions described below. Corporation objectives are to continue to operate the waterway in a safe, reliable, and efficient manner while interfacing with a multitude of diverse interests that share the common goal of expanding commerce on the Great Lakes St. Lawrence Seaway System.

Lock Operations – Lock operations and vessel traffic control on the St. Lawrence Seaway are conducted on a 24-hour day, 7-day week basis throughout the shipping season (typically late March to late December).

Maintenance, Marine, and Engineering – The Corporation facilities must be maintained in efficient operating condition. Facilities include: locks and guidewalls; roads and bridges; channels; public use facilities, such as the Eisenhower Lock Visitors' Center; navigation aids; buildings, grounds, and utilities; and permanent operating equipment. Major maintenance on existing facilities will continue to be performed during the non-navigation winter months. Marine operations consist of commissioning and decommissioning aids to navigation, channel dredging and maintenance, tugboat and other floating equipment services.

General and Development – The Corporation engages in activities designed to increase public awareness of the Seaway. This includes costs associated with strategies aimed at identifying new markets for, and increasing use of, the system.

Administrative – Executive management and administration of the Corporation includes legal, civil rights, accounting, procurement, computer, personnel administration, and other related administrative support services.

Replacements and Improvements – Capital expenditures provide for the continuation and improvement of the navigation system and lock operations, and the replacement of equipment, machinery, and tools.

Saint Lawrence Seaway Development Corporation
FY 2008 WCF BUDGET ESTIMATES

Service	2006 OPPLAN2	2006 OPPLAN3	2007 REQUEST1	2007 OPPLAN1	2008 REQUEST1
BUILDING MAINTENANCE AND UTILITIES	20,553	21,192	22,759	22,949	23,266
BUILDING SECURITY - NASSIF	10,779	10,991	7,514	6,638	0
BUILDING SECURITY - S.E. FEDERAL CENTER	0	0	5,444	5,691	18,272
CIS/GIS	39	0	39	0	0
CONSOLIDATED SERVER SERVICES *	27,115	5,275	27,326	9,269	9,640
CONTRACT LABOR	98	98	203	98	122
CONTRACTED PRINTING & GRAPHICS	3,833	9,325	4,216	11,302	11,857
COPY CENTERS	2,124	3,005	427	1,859	0
DEPARTMENTAL PROGRAMS	1,884	1,676	2,095	1,793	1,903
DESKTOP SERVICES *	48,730	54,941	36,750	58,555	58,555
DIGITAL DOCUMENT CENTER	878	1,139	878	1,139	1,139
DIRECTORY & MESSAGING SERVICES *	39,978	39,979	41,056	41,012	42,132
DISABILITY RESOURCE CENTER	5,286	6,551	5,465	7,864	9,687
DOT TRANSIT BENEFIT PROGRAM	10,398	11,206	10,979	11,898	12,670
DOT WORKLIFE	265	226	307	255	270
EMPLOYMENT & EXECUTIVE RESOURCES	4,409	4,907	4,649	4,999	5,852
EXCESS FURNITURE DISPOSAL	0	0	0	11,405	0
FACILITIES SERVICES - NASSIF	10,190	10,254	10,633	11,020	12,343
FLEXIBLE SPENDING ACCOUNT	0	0	1,600	2,444	2,933
HEALTH CLINIC	0	0	3,069	2,985	3,151
HQ SPACE MANAGEMENT	1,271	1,264	1,331	1,323	1,398
IDN *	12,595	11,115	13,099	13,771	22,933
IT SECURITY *	523	601	544	623	839
LEARNING AND DEVELOPMENT SERVICES	760	694	781	636	633
LIBRARY SERVICES	4,761	4,442	5,056	13,684	14,110
MAIL SERVICES	2,289	2,277	2,953	2,996	2,984
MULTI MEDIA AND PHOTO SERVICE	5,219	5,271	4,797	4,460	4,531
NASSIF FITNESS CENTER	0	60	0	100	141
NETWORK ENGINEERING *	120	240	120	750	750
NEW DOT HEADQUARTERS	5,383	5,329	5,544	5,489	5,737
PAPER SERVICES	321	105	321	125	131
PARKING MANAGEMENT	480	325	494	548	880
PASSPORTS AND VISAS	447	446	461	637	584
PERSONNEL OPERATIONS	1,600	2,037	0	0	0
PERSONNEL SECURITY CONSOLIDATED	21,170	21,092	21,907	2,027	2,182
POSTAGE	0	69	0	77	81
REQUIREMENTS DISTRIBUTION	2,098	1,369	3,088	1,938	2,189
SATELLITE COPIERS	4,278	3,521	4,953	3,874	5,582
SECURITY AND INVESTIGATIONS	3,746	3,825	4,029	4,200	5,030
SHUTTLE BUS	0	0	0	1,619	2,061
SUBSTANCE ABUSE AWARENESS AND TESTING	2,670	2,613	2,745	2,834	3,072
UNEMPLOYMENT COMPENSATION	25,000	14,000	25,000	14,000	14,000
VOICE, CABLE & WIRELESS *	26,160	26,590	27,207	27,307	28,546
Grand Total	307,450	288,050	309,839	316,193	332,186

* Common IT Services

**DEPARTMENT OF TRANSPORTATION
SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
FY 2008 CAPITAL PLAN
SUMMARY**

CAPITAL PROJECTS

1.	Paving and Drainage Improvements	100,000
2.	AIS/TMS Improvements	95,000
3.	Telecommunications Upgrade	40,000
4.	Approach Wall Fendering Improvements	40,000
5.	AIS/GPS Improvements	30,000
6.	Electrical Equipment Upgrade	35,000
7.	Mechanical Equipment Upgrade	35,000
8.	Electronic/Security Equipment Upgrade	40,000
9.	Facility Roof Replacement	25,000
Subtotal		\$440,000

CAPITAL EQUIPMENT

1.	Light and Heavy Equipment	250,000
2.	Light Trucks, Vans and Vehicles	40,000
3.	Office and Computer Equipment	10,000
Subtotal		\$300,000
Total		<u>\$740,000</u>

**DEPARTMENT OF TRANSPORTATION
SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
FISCAL YEAR 2008 CAPITAL PLAN
PROJECT DESCRIPTIONS**

CAPITAL PROJECTS

1. Paving and Drainage Improvements – \$100,000

This is a multiyear project to improve the structural integrity and surface drainage characteristics of Corporation roadways as well as parking and work areas. The paved areas include those used by Corporation personnel and crew members from transiting vessels while tying up transiting vessels as well as roadways to access the approach walls at the locks. Due to the severity of the winters in upstate New York, it is common for pavements to heave, crack and breakup. If pavements are not resurfaced/rehabilitated in a timely manner, complete replacement will be required at a much higher cost. The condition of many of the pavements is becoming a safety issue.

2. AIS/TMS Improvements – \$95,000

This is a multiyear project to make improvements to the Automatic Identification System (AIS) and to the Traffic Management System (TMS) to include upgrading the graphics to provide additional information to vessels, developing a joint AIS network with the US and Canadian Coast Guards for the entire Great Lakes-Seaway System and changing to a new operating platform.

3. Telecommunications Upgrade – \$40,000

This is a multiyear project to upgrade obsolete telecommunications equipment which is failing and in need of replacement, which is not of sufficient capacity to meet current needs, for which the manufacturers no longer provide support and/or for which parts are scarce or unavailable. The FY 2008 project proposed is to complete replacement of antiquated telephone PBX's/switches at the Corporation's Massena facilities.

4. Approach Wall Fendering Improvements – \$40,000

This is a multiyear project to replace worn/unserviceable fendering on lock approach walls with improved rubber/composite fenders. These fenders protect both the approach wall structures and the vessels using them from damage.

5. AIS/GPS Improvements – \$30,000

This is a multiyear project to replace radar beacons with AIS transponders and to install AIS transponders on fixed navigational aids. These improvements will provide more/better information to vessels transiting the Seaway which will improve navigational safety.

6. Electrical Equipment Upgrade – \$35,000

This is an ongoing project to replace aging/unserviceable electrical equipment to reduce maintenance costs and assure continued reliability of the equipment. Upgrading electrical equipment also improves the safety for employees operating and maintaining the equipment. This year will be the second phase of a multiyear project to upgrade the fire alarm systems in Corporation buildings. Many of the fire alarm panels are obsolete and parts for them are no longer available.

7. Mechanical Equipment Upgrade – \$35,000

This is an ongoing project to replace worn/unserviceable mechanical components of the lock operating machinery (i.e., miter gates, culvert valves, Vertical Lift Gate, wire rope fenders, etc.) and other mechanical systems (i.e., HVAC, fire protection, materials handling, etc.) with new components made from more wear and corrosion resistant materials to improve the reliability of the equipment.

8. **Electronic/Security Equipment Upgrade – \$40,000**

This is a multiyear project to upgrade electronic equipment with a special emphasis on electronic security improvements to include closed circuit television (CCTV), electronic access control (smart card) and intrusion detection systems. The Corporation currently has a CCTV system which is utilized for both facility security and to monitor vessel movements through the locks to insure that vessels damaging the facilities can be held accountable for repair of those damages. Plans are to upgrade and expand this system and to continue to install smart card systems in accordance with DOT and HSPD-12 requirements.

9. **Facility Roof Replacement – \$25,000**

Replace the roof on the Compressor/Transformer Building at the U.S. Eisenhower Lock, which was last replaced in 1992.

CAPITAL EQUIPMENT

1. **Light and Heavy Equipment – \$250,000**

Replace one 20-ton capacity hydraulic crane utilized for lock and facility maintenance activities that include handling both materials and personnel. The current crane has a very high utilization rate, was manufactured in 1985 and has exceeded the manufacturer's anticipated service life for the crane's major components. This crane needs to be replaced to insure continued safety on Corporation job sites.

2. **Light Trucks, Vans and Vehicles – \$40,000**

Replace two light trucks used to perform lock and facility maintenance, service aids to navigation along the St. Lawrence River, perform vessel inspections and other miscellaneous functions in support of the Corporation's mission will be replaced in accordance with GSA replacement criteria. The vehicles to be replaced will be over 10 years old, either currently have, or will have at the time of replacement, more than 100,000 miles and are severely corroded due to the salt used to melt ice from roads during winter.

3. **Office and Computer Equipment – \$10,000**

Purchase a plan file for storage of engineering drawings and a fireproof cabinet for storage of electronic media on which engineering drawings are stored for backup.

**DEPARTMENT OF TRANSPORTATION
SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
FY2008 CAPITAL PLAN
PROJECT/EQUIPMENT PRIORITY**

<u>Priority</u>	<u>Project</u>	<u>Amount</u>
1.	AIS/TMS Improvements	\$95,000
2.	AIS/GPS Improvements	30,000
3.	Electronic/Security Equipment Upgrade	40,000
4.	Approach Wall Fendering Improvements	40,000
5.	Light and Heavy Equipment	250,000
6.	Mechanical Equipment Upgrade	35,000
7.	Paving and Drainage Improvements	100,000
8.	Electrical Equipment Upgrade	35,000
9.	Facility Roof Replacement	25,000
10.	Telecommunications Upgrade	40,000
11.	Light Trucks, Vans and Vehicles	40,000
12.	Office and Computer Equipment	10,000
Total		<u><u>\$740,000</u></u>